



File Code: 5430/1950  
Date: February 9, 2015

Dear Interested Public:

The Forest Service is seeking public input and comment on a land exchange proposal at Red Lodge Mountain Ski Area, located on the Beartooth Ranger District of the Custer Gallatin National Forest, in Carbon County, Montana.

Per the National Environmental Policy Act (NEPA), this letter initiates the project scoping period and opportunity for public comment. This scoping period is intended to be an open process to help the Forest Service identify any significant issues or concerns related to the proposed action. An evening open house will also be held on February 26 (see pg. 10).

**Photo 1: Red Lodge Mountain Ski Area, Custer Gallatin National Forest**



### **Overview of the Proposed Action:**

The proposed “**Red Lodge Mountain Land Exchange**” includes an exchange of Federal and non-Federal lands of approximately equal value, located within and near the ski area permit boundary. The exchange also includes the proposed acquisition of trail easements to improve public access to National Forest System (NFS) lands in this area.

**Federal Lands:** In the proposed **Red Lodge Mountain (“RLM”) Land Exchange**, two parcels of “Federal lands” (NFS lands) totaling 250.23 acres, more or less, would be conveyed by the United States to AG/JMA Red Lodge Realty Holdings, L.L.C. (AG/JMA), owners of Red Lodge Mountain Ski Area. See the attached **Map A** and **Map B**, which depict the Federal lands in green. The legal description for the federal lands is:

T. 7 S., R. 19 E.,

sec. 25, SW1/4SE1/4NE1/4, SW1/4NE1/4, S1/2NW1/4, S1/2N1/2NW1/4,  
E1/2NE1/4SW1/4, SW1/4NW1/4SE1/4, N1/2NW1/4SE1/4, NW1/4NE1/4SE1/4;  
sec. 26, N1/2NW1/4SE1/4.

**Photo 2: Base area, Section 25,  
to be acquired by Red Lodge Mountain**



**Non-Federal Lands:** In exchange, the United States would acquire three parcels totaling 382.45 acres, more or less, of private land owned by AG/JMA (“non-Federal lands”). The Non-federal lands consist of three private inholdings surrounded by NFS lands. The three inholdings are referred to as the “Cole Creek parcel” (in Sections 22 and 27), “mid-mountain” parcel (in Section 26) and “Barriers Run” parcel (in Section 35). **Map A** and **Map B** depict the non-Federal lands in orange. The legal description of the non-Federal lands follows:

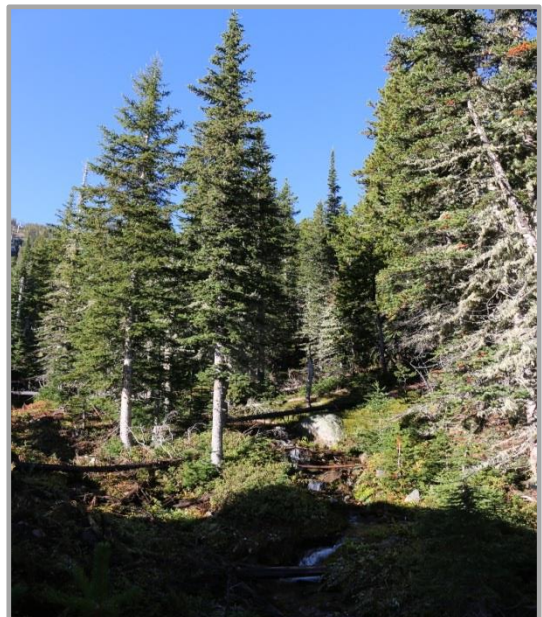
T. 7 S., R. 19 E.,

sec. 22, S1/2SE1/4;  
sec. 26, S1/2NE1/4SE1/4;  
sec. 27, E1/2NE1/4 and NE1/4SE1/4;  
sec. 35, NE1/4.

**Photo 3: Whitebark Pine on Barriers Run parcel,  
to be acquired by U.S.**



**Photo 4: Spruce on Cole Creek parcel,  
to be acquired by U.S.**



The Federal and non-Federal lands proposed for exchange consist of mountainous terrain with primarily pine forests on steep timbered slopes with mountain streams. The timber is not considered to be merchantable. No mining claims, oil/gas leases, or livestock grazing permits or leases, or outfitter/guide authorizations are involved on any of these lands.

The non-Federal lands and most of the Federal lands are within the boundary of the Red Lodge Mountain Ski Area, and are subject to the current 40 year ski area permit for the purpose of constructing, operating, and maintaining winter sports resort and other ancillary facilities.

The proposed exchange would consolidate National Forest ownership in less developed portions of the ski area boundary and consolidate AG/JMA ownership under existing ski lodges at the base and mid-mountain of the ski area. Private ownership of the base area would better position the ski area owners to make investments in the base area facilities to provide an enhanced experience for public visitors, thereby strengthening the economic viability of the ski area, an important driver in the economy of the Red Lodge community. Consolidation of private lands at the base area would also result in reduced burden and cost to the Forest Service for permit administration, since much of the activity, infrastructure and potential development is associated with the base area.

In addition to consolidation of ownership, the Forest Service would exchange out of a highly modified drainage at the base area (Willow Creek) and acquire a portion of the Cole creek drainage where stream integrity is largely intact.

**Trails for Public Access:** Another key component of the proposed exchange is that AG/JMA would grant and donate permanent easements to the United States to ensure and enhance public recreational use on the following three national forest system trails, displayed on attached **Map A** and **Map B**. The United States would also reserve permanent easement rights for all three trails across the involved Federal lands, as well as the existing Willow Creek Trail #105:

**Proposed Old Ranger Trail #107:** AG/JMA would acquire, grant and/or donate permanent trail easements to the United States that would reestablish about 12 miles of the historic Old Ranger Trail #107 which links the town of Red Lodge to the Red Lodge Creek area.

**Existing RLM Uphill Trail #108:** AG/JMA would grant and donate easements for the existing RLM Uphill Trail #108 to ensure continued year-round public access for recreational use to the top of Grizzly Peak.

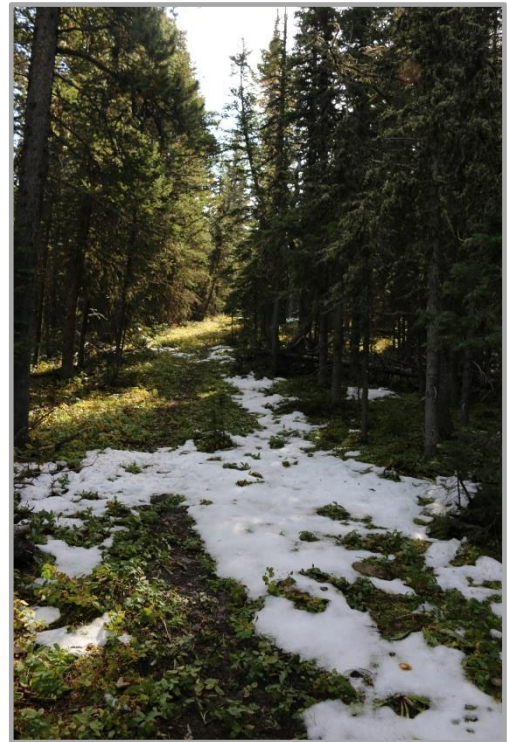
**Proposed Nichols Creek Trail #110:** AG/JMA would grant and donate easements for the proposed Nichols Creek Trail #110, which would provide an alternate link to the ski area from the town of Red Lodge.

**Existing Willow Creek Trail #105:** Trail #105 provides an off-road [or trail] link from the ski area to the town of Red Lodge.

Establishing permanent access rights on these trails would greatly enhance public recreation opportunities in the area.

**Photos 5 and 6: Overview of landscape traversed by the Old Ranger Trail across State and private lands**





### **Proposed Action - Additional information:**

Mineral Rights: Both the Federal and non-Federal lands would be exchanged with full mineral rights.

Water Rights: Currently, two water rights (claims) exist on the Federal lands. One claim is within Sections 25 and the other claim is within Section 26. Both water right claims are for commercial use, and both would transfer to AG/JMA in the proposed land exchange. No water right claims currently exist on the non-Federal lands identified for exchange.

Red Lodge Mountain Road #21479: In 2010, the Forest Service and AG/JMA entered into a “Reciprocal Access Agreement” setting the stage for the two parties to grant permanent easements on portions of Road #21479 across the intermingled AG/JMA and NFS lands. Implementation of this agreement is nearly complete. However, with the exchange of lands outlined in the current proposal, both parties will need to reserve easements on the portions of Road #21479 on lands to be exchanged. An estimated 1.87 total miles of road easement would be reserved by the U.S in the exchange. Refer to **Maps A and B**.

Facilities on Cole Creek parcel: The Non-federal lands in the Cole Creek parcel include facilities owned and operated by AG/JMA, including the lower terminal for the Cole Creek lift, a portion of the lift line, and buried power lines and waterlines, hydrants, and electric pedestals. Under the proposed exchange, these facilities would remain in the ownership of AG/JMA, and would be authorized by the Forest Service under the ski area permit.

Communication Facilities and Power line: The Federal lands contain four Forest Service leases

for communication facilities and two special use permits, one for a 25 KV power line and another for a telecommunications facility. The lease and permit holders would need to work with AG/JMA to secure continued authorization for these facilities following the land exchange.

Road Easement: Prior to completing the exchange AG/JMA will also need to pursue termination of a road easement affecting the Non-federal lands in Sections 22 and 27.

### **Objectives and Potential Benefits:**

The Forest Service believes the proposed Red Lodge Mountain Land Exchange will provide multiple public benefits and is considered to be in the long-term public interest.

#### **Promote economic viability of Red Lodge Mountain, and by extension, the community:**

With the Beartooth Highway generally closed from October to June, Red Lodge sits “at the end of the road” for 8 months each year. The Forest Service recognizes the importance of Red Lodge Mountain Ski Area as the major economic driver for the community in the winter season.

In considering this exchange proposal, a primary Forest Service objective is to enable AG/JMA to acquire the base area lands that contain their buildings and facilities in order to improve the economic viability of the ski area operation. The ski area is increasingly challenged to meet the needs and expectations of their customers, due to aging infrastructure and the evolution of customer expectations since the 1960’s when the base areas was first constructed. At some point, this could affect their financial capability, given increasingly higher operating costs, and the need to compete with ski areas which control and have made capital improvements to their base area.

#### **Enhance recreational trail opportunities in the area:**

A second primary objective for the Forest Service in considering this exchange proposal is to obtain permanent trail easements in order to provide outstanding new public recreational opportunities. Reestablishing the historic “Old Ranger Trail #107” would address a specific public interest expressed during the travel planning process in the mid-2000’s. It would also provide a trail experience unlike any other on the Beartooth District, in terms of views of the Palisades and the plains beyond, and in providing a long non-motorized trail through very diverse ecotypes ranging from spruce forest to aspen stands to sage and balsamroot meadows. Additionally, this trail would provide a low elevation, mid-length, non-motorized trail opportunity that is rare on the Beartooth Ranger District, and would be accessible in the “shoulder seasons” of spring and fall.

An additional trail easement for RL Uphill Trail #108 will ensure continued year-round public access for recreational use to the top of Grizzly Peak. For well over a decade, Red Lodge Mountain ski area has accommodated the year-round use of groomed trails by uphill traffic, for users who want to access the top of Grizzly Peak. This use is now well-established, locally, but this type of use is becoming more controversial elsewhere, as interest in this type of recreation

increases. There would be a public benefit in formalizing uphill access, so this use can continue into the future.

Two additional trail easements will ensure access to the proposed Nichols Creek Trail #110, and maintain access to the existing Will Creek Trail #105.

AG/JMA is also interested in expanding trail access which will encourage summer recreational use of the resort.

**Consolidate NFS and private lands, and reduce future management costs by eliminating three private land inholdings:**

The Red Lodge Mountain ski area currently consists of intermingled parcels of NFS lands and AG/JMA private lands. Intermingled public and private lands are difficult for either party to manage effectively. Forest Service goals, including effective administration of the ski area permit, managing for properly functioning watersheds, and providing specific recreational opportunities, are more difficult to achieve in the current ownership pattern. The exchange proposal would eliminate mixed ownership on all but one of the lifts at Red Lodge Mountain ski area.

If the land exchange is completed, there will be a recalculation of fees paid by AG/JMA to the government. Transfer of the base and mid-mountain areas to AG/JMA, with all the commercial components, would likely reduce the *initial* receipts to the federal treasury by about 45% (a loss of roughly \$20-25,000 in annual fees). Some of these receipts may be regained through additional revenue the ski area is able to generate through capital investment in new base area buildings and facilities that would increase skier lift ticket and ski school sales.

However, defensible space for wildfire at both the base area and mid-mountain lodge would become the responsibility of the ski area. Forest Service costs currently associated with hazardous fuels management (to reduce fire risk) would decrease. In addition, the Forest Service would eliminate current liability associated with the improvements on federal lands at both the base and mid-mountain areas. The costs to the Forest Service of administering the ski area permit would also be reduced.

**Provide for long-term watershed protection:**

Under the current landownership configuration, NFS lands include the highly modified Willow Creek drainage. This creek has been modified to accommodate skier traffic and lift installations, and is piped underground under a portion of the parking area.

Under the proposed land exchange, the Forest Service would trade out of Willow Creek, and obtain a portion of Cole Creek. The integrity of the stream morphology of Cole Creek remains intact, with the minor exception of two small crossing structures that snow groomers cross during winter operations. The Forest Service would gain a stream that is intact all the way to the Forest boundary, rather than the highly modified Willow Creek.

## **Background:**

The non-Federal inholdings were initially transferred (patented) to private ownership in 1903 and 1905 as mining claims. These lands were briefly owned by Washoe Copper and Anaconda Copper/Coal, and then went through several ownership transfers, before being purchased by Red Lodge Grizzly Peak, Inc. in 1957 (mid-mountain and Barriers) and in 1970 (Cole Creek).

Red Lodge Mountain Ski Area was developed in the late 1950's in response to the winter recreational needs of Red Lodge and nearby Billings. The first Forest Service special use permit for Red Lodge Mountain Ski Area (dba Red Lodge Grizzly Peak, Inc.) was issued in 1956. A 30-year term permit was then issued in 1959. In 1973, the Forest Service approved a master plan allowing for upgrading and expansion within the existing permit boundary and a new 30-year term permit was issued in 1975. The current 40-year term permit was issued on December 31, 2005, and will expire December 31, 2045.

A new Master Development Plan (MDP), and FEIS were completed 1996. The ski area embarked on a two year capital investment program resulting in major upgrades to on mountain facilities (high speed lifts, snowmaking operations and impoundment, electrical infrastructure, roads, and new runs) bringing the on mountain capacity to 3425 skiers a day. A string of low snowpack years and outside economic forces stopped continued development. Improvements for base area, mid-mountain and summit facilities required to support this number of skiers have not been constructed. The current facilities support half the skier capacity the on-mountain facilities support, creating an imbalance that has a direct effect on the recreating public's experience.

The base and mid-mountain areas, which are located on Federal lands, include nine buildings, all owned by RLM with the exception of the Eagle Mount building:

- Base area lodge - circa 1960 with several subsequent additions
- Bierstube- circa 1963 with several subsequent additions
- Maintenance shop –circa 1972
- Administration building - circa 1974
- Mid-mountain lodge –reconstructed after a fire in 1978
- Snowmaking pump house, circa 1996
- Employee locker room (temporary structure, 1996)
- Eagle Mount disabled skier program (temporary structure, 2002)
- Yurt food service (temporary structure, 2012)

Shortly after their purchase of the ski resort in 2007, AG/JMA approached the Forest Service about a potential land exchange to pursue the objectives outlined above. The Forest Service recognized the public benefits of improving the viability of the Red Lodge Mountain Resort, and to a lesser extent, the benefits associated with the need for reduced management and gaining a watershed with greater stream integrity. However, the agency had recently completed the travel planning process for the Beartooth Ranger District and learned there is a good deal of public interest in reestablishing a historic trail from Red Lodge to Red Lodge Creek to which access

was lost in the 1940's. AG/JMA agreed to pursue this lost access as a part of the proposed land exchange, to increase the net public benefit.

From 2011 through early 2013, AG/JMA and the Forest Service continued discussions in an effort to develop a land exchange proposal that both parties could support. As a result of these discussions, the Forest Service and AG/JMA developed the specific exchange proposal as described in this letter and attached maps.

## **Potential Issue Identification:**

Forest Service resource specialists have conducted an initial review of this exchange proposal and donated trail easements. The specialists consider the exchange proposal to be beneficial overall for public recreation and access; protection of streams, wetlands, and riparian areas; and for long-term management effectiveness. Initial review indicates no anticipated effects or concerns regarding wildlife, fish habitat; water rights, timber resources, minerals, livestock grazing or cultural resources.

The following potential issues and concerns were identified based on input from Forest Service resource specialists and recent experience with the reciprocal access agreement for Road #21479.

- Concern about change to the character of the ski area associated with improving the base area
- A perception that improvements on the mountain could potentially draw business away from downtown Red Lodge
- There remains some uncertainty about the ability of AG/JMA to obtain a permanent trail easement for the entire length of the Old Ranger Trail #107, to convey to the Forest Service.

To date, indications are that Carbon County Commissioners, the City of Red Lodge, the Red Lodge Chamber of Commerce, the local State Representative, customers from across the U.S. and Canada, as well as interest groups such as Beartooth Recreational Trails Association (BRTA) will support the exchange and consolidation of lands, and the new trail easements.

The support is expected to result from an increased quality in the recreation experience, bringing customers to local businesses in the community, continued direct employment opportunities, and a continuation of support to the tax base. In addition, the trail easements will provide unique recreation opportunities.

Montana DNRC has been involved in discussions about the land exchange, because portions of the proposed Old Ranger Trail would cross State lands. DNRC is supportive of the proposal.

It is important to note that this is a preliminary list of identified issues. This information could change depending on additional issues identified from public comment or the environmental analysis process. The Forest Service will review comments received from project scoping and



identify other issues. Mitigation measures could be further developed, refined, and described in detail in the environmental analysis and after scoping comments have been reviewed.

## **Regulatory Framework:**

This land exchange will be considered under the following Federal **authorities**:

- The General Exchange Act of March 20, 1922 (P.L. 67-173; 42 Stat. 465; )
- Federal Land Policy and Management Act of October 21, 1976 (“FLPMA”, P.L. 94-579; 90 Stat. 2743)
- Federal Land Exchange Facilitation Act of 1988 (Stat. 1086 as amended 43 U.S.C. 1716 (note), 751 (note)).
- The National Environmental Policy Act of 1969, as amended (“NEPA”, P.L. 91-190; 42 USC Stat 4321-4347, January 1, 1970, as amended by P.L. 94-52, July 3, 1975, and P.L. 94-83, August 9, 1975)

## **Custer National Forest Land and Resource Management Plan**

This exchange proposal is consistent with the Forest Plan for the Custer National Forest (1987). Specifically, the Forest Plan (Chapter II, 10, Lands, a. Landownership Adjustment) states:

- 1) Ownership adjustments will be made Forest-wide to improve the efficiency and effectiveness of resource management of National Forest System lands, and interests in lands, for public benefit.
- 2) Land areas which have important public values such as significant recreation use or opportunity, key wildlife habitat, valuable commodity potential, or areas containing historical or archeological values will generally be retained. The merit of any adjustment proposal will be judged according to whether it will benefit the overall management of the National Forest System. The following actions are considered benefits:
  - (1) Lands or interests in lands will be consolidated to improve ownership patterns and resource management within proclaimed boundaries. Federal lands within existing wilderness will be consolidated by acquiring interior private lands and/or interests in lands, including patented mining claims.
- 5) In order for National Forest System land or interests in lands to be available for disposal, one or more of the following criteria will be met (by relative priority):
  - (1) Landlocked by private land or interests in lands or partly so, and has no or limited access.
  - (2) Intermingled with patented mining claims or homestead patents.
  - (4) Occupied by permitted private improvements of significant value.
- 6) In order for other land or interests in lands to be considered for acquisition, one or more of the following criteria will be met (by relative priority):
  - (2) Isolated by Federal Land or nearly so.
  - (8) Pertinent in reducing landline location surveys.

This exchange proposal clearly meets Forest Plan benefit 2) (1), and criteria 5) (1), (2), (4), and 6) (2) and (8).

### **Anticipated Management of Non-federal Lands:**

Lands to be acquired in this exchange, and added to the Custer Gallatin National Forest, would be managed in accordance with the existing Forest Plan, until that Plan is revised. The Non-federal lands are located within the existing Red Lodge Mountain Ski Area permit boundary, and would generally be managed as part of Management Areas (MA) F – Developed Recreation.

### **Anticipated Management of Federal Lands:**

It is anticipated that, following the exchange, AG/JMA would manage the Federal lands in conjunction with its existing private lands, primarily for commercial downhill skiing and associated developments associated with a ski area, including base area development already analyzed in a 1996 EIS for the Master Development Plan. That land use would not substantially conflict with the established management objectives on adjacent Federal lands.

In addition, the lease holders and permit holders for the four communication facilities and two utility lines currently authorized on the Federal lands would need to secure authorization from AG/JMA for continued use of these facilities following the land exchange.

### **Anticipated Management of the Trails:**

The Old Ranger Trail #107 would be managed for non-motorized use, including but not limited to hiking, biking, and horseback riding. The RLM Uphill Trail #108 would be managed for non-motorized use, including but not limited to summer hiking, and winter uses including but not limited to uphill access by foot, snow shoe, split board, telemark and alpine touring equipment.

The Forest Service and cooperators would continue to manage and maintain Old Ranger Trail #107, Willow Creek Trail #105, RLM Uphill Trail #108, Nichols Trail #110 and Red Lodge Mountain Road 21479 through the Federal lands considered for exchange.

## **Public Involvement Opportunity**

The Forest Service is interested in issues or concerns you may have with the proposed Red Lodge Mountain Land Exchange. In accordance with NEPA, potential environmental impacts will be considered, analyzed, and disclosed before a decision is made regarding the exchange. This request for comment and input is an attempt to involve the public and other agencies in identifying concerns and issues associated with the proposed action.

**The Beartooth District will be hosting an open house on Thursday, February 26, 2015, and invites you to attend, to gain an understanding of the proposal. The open house will begin at 5:00 pm at the Red Lodge Senior Citizens Center, 207 S. Villard Ave, Red Lodge, MT 59068.**

**Written, facsimile, hand-delivered, oral, and electronic comments will be accepted during the scoping comment period through March 23, 2015. Comments should be within the scope**

and specific to the proposed action, have a direct relationship to the proposed action and include supporting reasons for the Responsible Official to consider. Please be specific with your concerns. Issues identified from public comment may be used to modify or add project design features, mitigation, or alternatives, and will also be utilized to determine the appropriate level of environmental analysis and documentation required by NEPA.

Please contact the Beartooth Ranger District if you would like to continue to receive information about the proposed Red Lodge Mountain Land Exchange. Your name will be removed from the mailing list for this project if you do not provide comment or specifically request to remain on the list. You may submit written, hand-delivered, or oral comments. Office business hours for those submitting hand-delivered or oral comments are 8:00 AM to 4:30 PM, Monday through Friday, excluding holidays. For further information, to provide comment, or to remain on the project mailing list, please contact:

**District Ranger  
Beartooth Ranger District  
6811 Hwy 212 South  
Red Lodge, MT 59068  
Phone (406) 446-2103**

In addition you may submit comments via FAX to 406-446-3918. Electronic comments via email must be submitted in one of the following formats: an email message, plain text (.txt), rich text (.rtf), or Word (.docx) to: [comments-northern-custer-beartooth@fs.fed.us](mailto:comments-northern-custer-beartooth@fs.fed.us). Use the name of the project as the subject line of your email (Red Lodge Mountain Land Exchange). Please provide your name, postal address, and telephone number. Comments received in response to this solicitation, including names and addresses of those who comment, will be considered part of the public record and will be available for public inspection.

Information on the Red Lodge Mountain Land Exchange is also available for viewing and downloading on the Custer NF website at: <http://www.fs.usda.gov/custer>. For further information about the project please contact Traute Parrie or Jeff Gildehaus at (406) 446-2103.

**Timeline:**

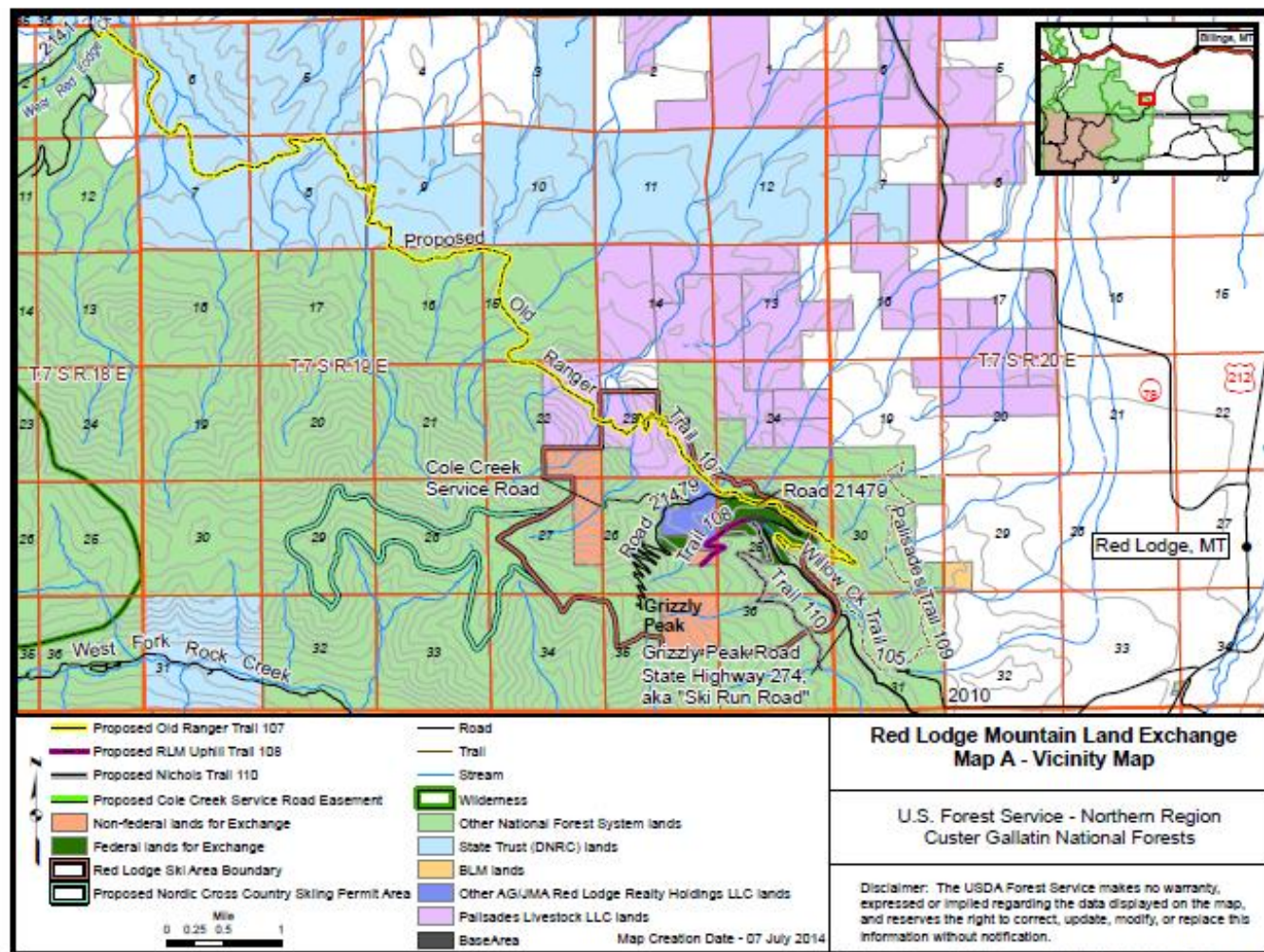
The responses to scoping will help determine whether the Forest Service moves forward with this proposal. If the Forest Supervisor decides to move forward with this project, we would expect to complete fieldwork for NEPA during the summer of 2015, with a final NEPA decision sometime during the winter of 2015/2016. The realty work would also be initiated following scoping, but will take several years to complete.”

Sincerely,



**TRAUTE PARRIE**  
District Ranger

Map A: Vicinity Map





Map B: Detailed Land Exchange Map

